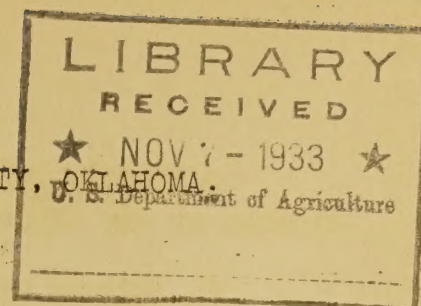


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PROPOSED MARKETING AGREEMENT FOR MILK - OKLAHOMA CITY, OKLAHOMA.



PART I

The parties to this Agreement are the contracting distributors, the contracting producers, and the Secretary of Agriculture of the United States.

WHEREAS, it is the declared policy of Congress, as set forth in Section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended; -

- (a) To establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period, the base period in the case of all agricultural commodities except tobacco being the prewar period, August 1909 - July 1914; and -
- (b) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as deemed feasible in view of the current consumptive demand in domestic and foreign markets; and -
- (c) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period, August 1909-July 1914; and

WHEREAS, pursuant to the Agricultural Adjustment Act, the parties hereto, for the purpose of correcting conditions now obtaining in the production of milk in the Oklahoma City production area, and the distribution thereof, and to effectuate the declared policy of the Act, desire to enter into a marketing agreement under the provisions of Section 8 (2) of the Act;

NOW THEREFORE, the parties hereto agree as follows:

PART II

As used in this Agreement, the following words and phrases are defined as follows:

1. "Secretary" means the Secretary of Agriculture of the United States or his duly authorized representative.
2. "Act" means the Agricultural Adjustment Act, approved May 12, 1933, as amended.

3. "Persons" means individual, partnership, corporation, and association or any other business unit.

4. "Fluid Milk" means milk, cream or any other of the articles listed in Exhibit "C" which are sold for consumption in the hereinafter defined sales area.

5. "Producer" means any person who produces, in the production area, milk sold for consumption as fluid milk in the sales area.

6. "Contracting Producers" means O.K. Cooperative Milk Association, Inc., A non-profit corporation organized and existing under the laws of the State of Oklahoma. (name of the producers association) and such other producers as may become parties signatory to this Agreement according to the terms thereof.

7. "Distributor" means any person who distributes fluid milk for consumption in the sales area.

8. "Contracting Distributors" means such distributors

(Name of the distributors association)

and such other persons as may become parties signatory to this Agreement according to the terms thereof.

9. "Oklahoma City Sales Area" means including the City of Oklahoma City, Oklahoma, and the territory lying within the following boundary lines:

Beginning at the point where the Southern boundary line of Mustang Township, Oklahoma County, Oklahoma, coincides with the Western Boundary Line of Oklahoma County, Oklahoma, thence running due East to the Western Boundary Line of Cass Township, Oklahoma County, Oklahoma, thence running due North to the Northern Boundary Line of Hartzell Township, Oklahoma County, Oklahoma, thence due West to the Western Boundary Line of Oklahoma County, Oklahoma, thence South along the said Western Boundary Line of Oklahoma County, Oklahoma, to the point of beginning.

10. "Oklahoma City Production Area" means, first farms lying within the following Counties and portions of Counties of the State of Oklahoma: Oklahoma County, Canadian County, Pottawatomie County, Cleveland County, McLain and Garvin County, and the following townships of Grady County: Washington, Union, Tuttle, Waldon, Prairie Valley, Dutton, Pocassett, Amber, Vincent, Shirley, Chickasha, Tabler, and Middleburg;

(2) and also means those farms wheresoever situated, now supplying fluid milk to the Oklahoma City Sales Area.

11. "Producer-Distributors" means such persons who distribute only milk produced by themselves.

12. "Subsidiary" means any person, of or over which the contracting distributor, who has, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.

13. "Affiliate" means any person which has, either directly or indirectly, actual or legal control of or over a contracting distributor, whether by stock ownership or in any other manner.

14. "Books and Records" means books, records, accounts, contracts, memoranda, documents, papers and correspondence, or other written data pertaining to the business of the person in question.

15. "Milk Board" means the Milk Industry Board as provided in Part III hereof.

16. "District Committee" means the District Milk Industry Committee, as provided in Exhibit "E" hereof.

17. "Regional Board" means the Regional Milk Industry Board, as provided in Exhibit "E" hereof.

18. "National Board" means the National Milk Industry Board, as provided in Exhibit "E" hereof.

19. (Insert definitions with respect to other important terms and names of persons used in this Agreement.)

PART III

1. "Members" as used in Part III means the members of the Milk Industry Board.

2. The contracting producers and contracting distributors shall cause to be organized within ten days after the execution of this Agreement by the Secretary, a committee of five to be known as the Milk Industry Board. Two members of the Board shall be elected by the contracting producers; two by the contracting distributors; and the fifth member, to represent the consumers, shall be elected by the other four. Such fifth member shall be a resident of the sales area and shall have no connection financially or otherwise with the distribution of milk or products derived therefrom. The fifth member shall be designated by the Secretary in the event such member is not elected within five days of the effective date of this Agreement by the four members as above provided.

3. Members representing the contracting producers and contracting distributors, respectively, shall be elected by the respective parties in a manner to be determined by themselves, provided that a vote of producers representing not less than 65% of the total volume of milk produced within the production area, which volume percentage of production shall include 60% of the producers, and a vote of distributors representing not less than 65% of the milk sold as fluid milk within the sales area, which volume percentage of distribution shall include 60% of the distributors by number, respectively, shall be necessary for such election. Upon election the names of all the members shall be certified by the party or parties conducting such elections to the Secretary for his approval. The Secretary may require that such certification include a statement of the manner and vote by which the respective members were elected and the percentage of the total production or sales of fluid milk within the

area represented by such vote. Members whose names have been certified to the Secretary and approved by him shall enter upon the discharge of their duties. If the Secretary shall not approve a member, there shall be a vacancy on the Milk Board. Any member may be removed, with or without cause, by vote of all producers or distributors, as the case may be, representing a volume of milk equal to at least three-fourths of the volume and number by which he was originally elected. Any vacancies on the Milk Board shall be filled in the same manner and by the same parties as provided for the original election.

4. The Milk Board shall be organized by the members by the selection of a chairman, vice-chairman, who shall be members, and a secretary-treasurer who may or may not be a member. The Milk Board shall employ such agents, assistants and clerks as may be necessary to perform its duties. All officers and employees of the Milk Board who handle funds of the Milk Board or who sign or countersign checks upon such funds shall severally give bonds in such amounts and with such sureties as shall be determined by the Milk Board. The cost of such bonds shall be paid by the Milk Board.

5. The members shall serve without compensation, but shall be entitled to reimbursement for the expenses incurred in the performance of their duties.

6. The Milk Board shall be financed as provided in Section 4 of Paragraph III of this Agreement.

7. Subject to such regulations as the Secretary may prescribe, it shall be the duty of the Milk Board:

(a) to receive and investigate complaints of violations of the terms or conditions of this Agreement and of any license issued in respect to this Agreement and to issue warnings with respect thereto;

(b) to adjust disputes arising under this Agreement between contracting producers and/or contracting distributors;

(c) to report its findings, with recommendations, to the Secretary for proceedings under the Act or otherwise which he may deem advisable;

(d) to cooperate in the establishment of, to establish, and to record bases for all producers, and to cancel bases of particular producers, in accordance with the provisions of Exhibit "B";

(e) to receive and act upon, in accordance with the provisions of Exhibit "B", the applications of new producers as determined in Exhibit "B";

(f) to receive and collect from distributors reports of sales of the various classes of milk and any other information required by the Milk Board in the performance of its duties;

(g) to receive and distribute funds in accordance with Section 4 of Paragraph III of this Agreement.

(h) to account for all funds collected pursuant to this Agreement.

Now, therefore, the Parties hereto agree as follows:

1. The schedule governing the prices at which, and the terms and conditions under which milk shall be sold by the contracting producers and purchased by the contracting distributors for distribution as fluid milk shall be that set forth in Exhibit "A" which is attached hereto and made a part hereof. Such schedule may be changed by agreement between 65% of the contracting producers measured by total volume produced in the production area and 65% of the contracting distributors measured by total volume of milk sold in the sales area, provided that such changes shall become effective only upon the written approval of the Secretary.

2. The plan governing the marketing of milk within the production area shall be that set forth in Exhibit "B" which is attached hereto and made a part of the Agreement. Such plan may be modified by agreement between 65% of the contracting producers measured by the total volume of milk produced within the production area and 65% of the contracting distributors, measured by the total volume of milk sold as fluid milk within the sales area, provided such modified plan shall become effective only upon the written approval of the Secretary.

3. The schedule governing the prices at which and the terms and conditions under which fluid milk shall be distributed and sold by the contracting distributors shall be those defined and set forth in Exhibit "C", which is attached hereto and made a part hereof. Such schedule may be changed by agreement between 65% of the contracting producers' total and 65% of the contracting distributors' measured by total volume of milk sold as fluid milk in the sales area, provided that any such changes shall become effective only upon the written approval of the Secretary.

4. The contracting distributors agree that they will not purchase milk from any producer except in accordance with the provisions of Exhibits A and B of this Agreement. The contracting distributors further agree that they will not purchase milk from any producer not a member of the O. K. Cooperative Milk Association unless such producer authorizes said distributor to pay to him the same price that the O. K. Cooperative Milk Association pays its individual members for various classes. It is also agreed that the contracting distributors shall pay to the O. K. Cooperative Milk Association upon the milk of such nonmembers a sum per hundredweight equal to the difference between the price paid the O. K. Cooperative Milk Association for milk by said contracting distributors and the price the O. K. Cooperative Milk Association pays its members for various classes; and that the money so received will be additional income and included by the O. K. Cooperative Milk Association in the next following pool settlement to producers. It is further understood that such difference is considered to be the cost of handling surplus by the O. K. Cooperative Milk Association and the other parties to this Agreement and is considered as a service charge inasmuch as the O. K. Cooperative Milk Association has provided a surplus plant whereby the burden of handling the surplus is removed from the contracting distributors and the nonmember and is assumed by the O. K. Cooperative Milk Association. In consideration of the agreement of the contracting distributors and nonmember producers to pay the said sum for said service, the O. K. Cooperative Milk Association agrees to take care of the surplus as well as the shortage resulting from irregularities in supply furnished by said nonmembers. It is further understood and agreed that the O. K. Cooperative Milk Association will set aside as determined by the Milk Board a sufficient percent of the money so paid in by the

contracting distributors in a separate fund for the purpose of defraying expenses of the Milk Board and of securing to producers testing, advertising, educational and other benefits. The contracting producers and contracting distributors undertake that such funds for the purpose herein above provided shall be kept separate and the records therefor shall be in form satisfactory to the Secretary and the Milk Board, which said records shall be subject to the examination of the Secretary and the Milk Board or their duly designated agent during the usual hours of business and that they will furnish the Secretary or the Milk Board such information as the Secretary or the Milk Board may from time to time require. Said money shall be distributed by the Milk Board. Said Milk Board shall keep books and records in a manner satisfactory to the Secretary and such funds and such books and records of the Milk Board shall be subject to the examination of the Secretary or his duly authorized agent during the usual hours of business, and the Milk Board shall from time to time furnish the Secretary such information as the Secretary may require.

5. All contracting producers, not members of the O. K Cooperative Milk Association shall be permitted to become members of the O. K. Cooperative Milk Association on an equal basis with existing members similarly circumstanced.

6. The contracting distributors and the O. K. Cooperative Milk Association agree that they will purchase all the milk (provided it meets the health requirements of Oklahoma City) tendered by all producers within the Oklahoma City Production area who have established bases and who agree to participate in the marketing plan set out in Exhibits A and B of this Agreement and that they will not purchase milk from any producer who has no established base or does not agree to participate in said marketing plans.

7. The contracting producers and the contracting distributors shall severally maintain systems of accounting which shall accurately reflect the true accounts and conditions of their respective businesses, which shall include any subsidiary or affiliate. Their respective books and records (including the books and records of such subsidiaries and affiliates) shall, during the usual hours of business, be subject to the examination of the Secretary to assist him in the furtherance of his duties with respect to this Agreement, including verification by the Secretary of the information furnished on forms hereinafter referred to. The contracting producers and contracting distributors shall severally, from time to time, furnish information to the Secretary on and in accordance with form to be determined by him, each of which reports shall be verified under oath. The Secretary, in his discretion, may permit the omission of any such subsidiary or affiliate from any such reports. In the event that the O. K. Cooperative Milk Association

(name of the producers association)

and/or the Milk Board and the Secretary shall have occasion to collect identical information from the same parties, the O. K. Cooperative Milk

(name of the producers

Association

association)

or the Milk Board, as the case may be, shall

use forms acceptable to the Secretary and arrangements shall be made for triplicate reports to be submitted to the Secretary and the O. K.

(name of

Cooperative Milk Association

the producers association)

and the Milk Board. All information

(unless it would have been otherwise legally obtainable by the Secretary)

obtained by or furnished to the Secretary, pursuant to this paragraph, if designated in writing as such when so obtained or furnished, shall remain the confidential information of the Secretary, and shall not be disclosed by him except upon lawful demand by the President; by either House of the Congress, of any committee thereof, or by any court, or when offered in evidence in any hearing authorized by the Act, or otherwise in the suspension or revocation as to one or more persons of any license issued by the Secretary, whether or not such information was obtained from or furnished by the person or persons with respect to whose license the hearing was held. The Secretary, however, may combine and publish the information obtained from or furnished by the contracting parties in the form of general statistical studies or data. The Secretary may make and issue such regulations and prescribe such penalties in accordance with the provisions of Sub-Section (c), Section Ten (10) of the Act, as he may deem advisable in the event of any violation of the confidence or trust as imposed herein.

8. All fluid milk marketed and distributed in interstate commerce in accordance with the terms of this Agreement shall be produced, received, transported, processed, bottled, and distributed in accordance with the provisions of the health laws, ordinances and regulations of the Federal, state, municipal, or other political sub-divisions within which such milk is marketed and distributed. All such ordinances and regulations for the purposes herein stated shall be deemed a part hereof.

9. The schedule of fair practices set forth in Exhibit D, which is attached hereto, and made a part of this Agreement, shall be the uniform schedule of fair practices for the Sales Area. The provisions of such schedule may be changed from time to time by agreement between 65% of the contracting distributors measured by total volume of milk sold as fluid milk within the sales area, which volume of percentage of distribution shall include 60% of the distributors by number, provided, however, that such changes shall only become effective upon the written approval of the Secretary.

10. The contracting distributors hereby apply for and consent to licensing by the Secretary, subject to the applicable general regulations, Agricultural Adjustment Administration, prescribed by the Secretary and approved by the President, and not otherwise.

11. This Agreement shall become effective at such time as the Secretary may declare above his signature attached hereto, and this Agreement shall continue in force until terminated in one of the following ways:

(a) The Secretary may at any time terminate this Agreement as to all parties thereto by giving at least one day notice by means of a press release or in any other manner which the Secretary may determine.

(b) The Secretary may, at any time terminate this Agreement as to any party signatory thereto, by giving at least one day notice, by depositing the same in the mail and addressed to such party at his last known address.

(c) The Secretary shall terminate this Agreement upon the request of 65% of the contracting producers, which percentage of producers shall include 65% of the production of the Production Area, and 65% of the contracting distributors which percentage of distributors shall include 65% of the fluid milk sales of the Sales Area, by giving notice, in the same manner as provided in

subdivision (a) above.

(d) This Agreement shall in any event terminate whenever the provisions of the Act authorizing it cease to be in effect.

12. The benefits, privileges and immunities conferred by virtue of this Agreement shall cease upon its termination, except with respect to acts done prior thereto; and the benefits, privileges and immunities conferred by this Agreement upon any party signatory hereto shall cease upon its termination as to such party, except with respect to acts done prior thereto.

13. This Agreement may be executed in multiple counterparts, which, when signed by the Secretary, shall constitute, when taken together, one and the same instrument as if all such signatures were contained in one original.

14. After this Agreement first takes effect any producer of fluid milk or any distributor of fluid milk, may become a party to this Agreement, if a counterpart thereof is executed by him and the Secretary. This Agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges and immunities conferred by this Agreement, shall then be effective as to such new contracting party.

15. If any provision of this Agreement is declared invalid or the applicability thereof to any person, circumstance or thing is held invalid, the validity of the remainder of this Agreement and/or the applicability of any provision to any other person, circumstance or thing shall not be affected thereby.

16. This Agreement shall not be deemed to abrogate the Antitrust Laws or to confer any privileges to the parties hereto not granted by the Antitrust Laws except insofar as said Antitrust Laws have been suspended by the enactment of the Agricultural Adjustment Act.

17. The parties hereto understand that a national milk marketing plan has and/or will be approved by the Secretary. If, as and when said plan is placed in effect, the parties hereto agree upon request or demand of the Secretary or his duly authorized agents to participate in said plan in accordance with the provision of Exhibit E of this Agreement.

18. Nothing contained in this Agreement shall be construed in derogation or modification of the rights of the Secretary to exercise any powers granted him by the Act or otherwise, and, in accordance with such powers, to act in the premises whenever he shall deem it advisable.

19. The Secretary may by a designation in writing, name any person, including any officer or employee of the government, to act as his representative in connection with any of the provisions contained in this Agreement to be performed by the Secretary.

IN WITNESS WHEREOF the contracting producers and the contracting distributors, acting under the provisions of the Agricultural Adjustment Act for the purposes and subject to the limitations herein contained and not otherwise, have hereunto set their respective hands and seals.

O. K. Cooperative Milk Association,

By _____

By _____
Secretary

ATTEST
Secretary.

WHEREAS, it is provided by Section 8 of the Act as follows:

"In order to effectuate the declared policy, the Secretary of Agriculture shall have power to enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the anti-trust laws of the United States, and any such agreement shall be deemed to be lawful: Provided, That no such agreement shall remain in force after the termination of this Act."

And -

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the Act, and the regulations issued thereunder; and

WHEREAS, the Secretary finds (1) that the contracting producers and the contracting distributors are engaged in the handling of fluid milk in the current of interstate commerce; and (2) that the conditions existing in the marketing and distribution of fluid milk in intrastate commerce burden the marketing and distribution of fluid milk in interstate commerce; and (3) that the marketing and distribution of fluid milk in intrastate commerce is inextricably intermingled with its marketing and distribution in interstate commerce; and

WHEREAS, it appears, after due consideration, that this Agreement will tend to effectuate the policy of Congress declared in Section 2 of the Act, as hereinbefore in this Agreement set forth;

NOW THEREFORE, I, Henry A. Wallace, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purpose and within the limitations therein contained, and not otherwise, do hereby execute this Agreement under my hand and official seal of the Department of Agriculture, in the City of Washington, District of Columbia, on this _____ day of _____, and pursuant to the provisions hereof declare this Agreement to be effective on and after _____ Eastern Standard Time, _____.

Secretary of Agriculture.

EXHIBIT "A"

1. Classification of Contracting Distributors

For the purpose of this Agreement contracting distributors shall be divided into four classes with regard to their method of purchasing fluid milk. Said classes shall be as follows:

- (a) Those contracting distributors who buy their total supply of fluid milk from the O. K. Cooperative Milk Association.
- (b) Those contracting distributors who buy a part of their fluid milk supply from producers not members of the O. K. Cooperative Milk Association and purchases under Agreement the remainder of the supply of their milk required in their usual course of business from the O. K. Cooperative Milk Association, which hereby agrees to supply such remainder to such contracting distributors.
- (c) Those contracting distributors who buy their supply of fluid milk from producers not members of the O. K. Cooperative Milk Association, and each such contracting distributor hereby agrees to purchase from such producers from whom he is purchasing such milk all the milk produced by such producers for a period of at least one year.

II. Prices to be paid by Contracting Distributors for Milk.

The prices to be paid by distributors for fluid milk f.o.b. distributors plant shall be:

- 1. For contracting distributors in Class A, \$2.00 per hundredweight for 4% milk with a differential of 4 cents for each 1/10 of one percent above or below 4%.
- 2. For contracting distributors in Class B above \$2.00 per hundredweight for 4% milk with a differential of 4 cents for each 1/10 of one percent above or below 4% for such milk as is purchased from the O. K. Cooperative Milk Association. The price paid by said distributors to producers who are not members of the O. K. Cooperative Milk Association, shall be the amount paid by the O. K. Cooperative Milk Association to its members for various classes, and the difference between the price set herein and the price paid by the O. K. Cooperative Milk Association to its

members shall be remitted by said contracting distributors to the O. K. Cooperative Milk Association, as provided in Section 4 of Paragraph III of this Agreement.

3. For contracting distributors in Class C above \$2.00 per hundredweight for 4% milk with a differential of 4 cents for each 1/10 of one percent above or below 4%.

Payments to producers by said distributors shall be the same amounts paid by the O. K. Cooperative Milk Association to its members for various classes, and the difference between the prices set herein and the price paid by the O. K. Cooperative Milk Association to its members shall be remitted by said contracting distributors to the O. K. Cooperative Milk Association as provided in Section 4 of Paragraph III of this Agreement.

4. The price to be paid for surplus class milk not used for fluid milk purposes shall be the pool prices paid by the O. K. Cooperative Milk Association to its members for manufactured milk. The pool prices for said milk is to be determined by dividing the net proceeds received by the O. K. Cooperative Milk Association for said manufactured milk, (whether said milk is sold as such or is manufactured in other dairy products) by the total amount of said milk delivered to the O. K. Cooperative Milk Association during the pool period.

III. Prices to be paid Producers.

1. The price to be paid to any producer for milk shall be the price paid for various classes by the O. K. Cooperative Milk Association to its members f. o. b. distributors plants.
2. There shall be two classes of milk as follows:
Base Class: That portion of the milk deliveries of each producer not in excess of the base given said producer in accordance with the provisions of Exhibit "B" of this Agreement.
Surplus Class: That portion of the milk deliveries of each producer in excess of the base given said producer in accordance with the provisions of Exhibit "B" of this Agreement.
3. The price to be paid to each producer for his Base Class Milk shall be determined by the O. K. Cooperative Milk Producers Association,

for each pool period, by adding the income from fluid milk sales, the income from surplus milk sales, and the income from payments made to the Association by the contracting distributors under Section 4 Paragraph III of this Agreement and dividing the total by the total milk delivered to the Association during the pool period.

4. The price to be paid to each producer for his Surplus Class Milk shall be determined by the O. K. Cooperative Association in accordance with Section 4 of Article II of this Exhibit.
5. The O. K. Cooperative Milk Association shall communicate the result of such computations and the respective prices for Base Class and Surplus Class Milk to the contracting distributors in sufficient time to enable the distributors to make payments to said O. K. Cooperative Milk Association and to other producers in accordance with the provisions of Sections 6 and 7 of this paragraph, and the contracting distributors shall make payments to said O. K. Cooperative Milk Association and to other producers in accordance with the prices communicated to them by the said O. K. Cooperative Milk Association.
6. The contracting distributors agree to pay the O. K. Cooperative Milk Association in full on or before the fourth and nineteenth days of each month for all milk delivered to it under this contract during the immediate preceding half month beginning with the first and ending with the fifteenth and beginning with the sixteenth and ending the last day of the month. It is further agreed that the purchaser shall deliver to the Association at its office, on the first and fifteenth, or as soon after as possible, not later than the fourth and nineteenth day of each month, a statement covering individually each plant the purchaser operates, giving in detail covering the half month period, the following information:
 - (a) Total amount of milk received.
 - (b) Full name and address of each producer from whom Purchaser received milk with serial number as designated by the Association.

- (c) Number of pounds of milk received in various classes from each producer with butterfat tests.
 - (d) Total amount of milk received from the Association with pounds of butterfat.
 - (e) Total amount of milk in each of the various forms, deliveries of the Association and non-members in separate accounts.
 - (f) In addition the contraction distributors shall provide the Association with daily milk weight reports and such other information and reports as the Association may reasonably require in operations and for the purpose of testing the accuracy of accounting. It is further understood and agreed that the Association shall have the right to examine all accounts and have access to the books of the contracting distributors whenever there is a question as to the amount or uses of milk purchased for the purpose of determining the accuracy as to the amounts and uses. The examination shall be done by a registered C. P. Accountant.
7. Payment to producers who are not members and members of the O. K. Cooperative Milk Association for milk delivered to the distributors and/or O. K. Cooperative Milk Association during the first half of any month beginning with the first and ending with the 15th, shall be made on the 25th day of the month and payment for milk delivered in the last half of the month beginning with the sixteenth and ending with the last day of the month, shall be made on the tenth day of the following month.
8. The respective books and records of the contracting producers and the contracting distributors shall, during usual hours of business, be subject to the examination of the Milk Board (or its duly authorized representative) to the extent necessary to permit the Milk Board to obtain the information required by it for the proper performance of its duties hereunder. All information obtained by or furnished to the Milk Board pursuant to the provisions of this Agreement shall remain the confidential information of the Milk Board

except as provided in this Exhibit, and shall not be disclosed by it except to the Secretary upon request, and except that the milk Board May combine and publish from time to time the information obtained from producers and/or distributors in the form of statistical studies or data, and shall upon request furnish to each any producer or distributors a copy of the information obtained from the books of the requesting party.

EXHIBIT B

RULES FOR CONTROL OF BASIC PRODUCTION

In order to equitably allocate among producers in the Oklahoma City Milk Shed, the proceeds of the sale of fluid milk producer whose Grade A milk and/or Grade B milk, as defined by the Oklahoma City Milk Ordinance is delivered to and/or for the Oklahoma City Sales Area shall be given a base by the Milk Board as hereinafter provided.

As used in this exhibit, "base period" shall mean the period from October 1, 1932 to March 31, 1933.

As used in this exhibit, "New Producers" shall mean all producers in any production area who commence to make deliveries in Oklahoma City Area after September 1, 1933.

A. Base Rating Plan for Individual Producers.

1. General Bases: The base for each producer who delivered milk to the Oklahoma City Sales Area during the base period, or any part thereof, and who was delivering milk on September 1, 1933, shall be equal to his average daily deliveries of milk during the base period (or such part thereof during which he may have delivered milk) to distributors and/or associations of producers.

2. The base for each producer who delivered milk after March 31, 1933 to the Oklahoma City Sales Area and who is still delivering milk to said market shall be equal to his average daily deliveries during the month of June, July, August and September, 1933 (or such part thereof during which he may have delivered milk) to distributors and/or associations of producers.

3. The bases so determined shall go into effect on February 1, 1934, and shall continue in effect for the calendar year 1934.

4. All new producers shall be given a base equal to 30 percent of their average daily deliveries of milk during the first 90 days of such deliveries.

5. The establishment of bases pursuant to this article shall be made by the Milk Board as provided for in this Agreement.

6. Any producer who commences to sell fluid milk within the Oklahoma City Sales Area after the effective date of this Agreement, will be allowed to establish a base as in this article provided, and to sell milk in accordance with such established base, only if such producers first obtain a certificate of necessity from the Milk Board entitling him to a base and to sell milk pursuant to same, by making due written application to the Milk Board upon form furnished by the Milk Board. In the event that any such producer is denied a certificate of necessity after having made such written application to the Milk Board, he shall have the right of immediate appeal to the Secretary in a manner to be determined by the Secretary. In the event that a certificate of

necessity is issued to such producer, he shall be considered a new producer as defined in this exhibit and his base shall be established as provided in this exhibit.

7. No contracting distributor shall purchase milk from any producer who commences to deliver milk within the Oklahoma City sales Area after the effective date of this Agreement, unless a certificate of necessity has been issued to such producer in accordance with paragraph (6).

8. New basic quantities for the period beginning January 1, 1935, shall be established as follows:

Each producer's established basic monthly quantity shall be added to his June, 1934 production and his November, 1934 production and the total sum divided by three; provided, however, no producer will be allowed thereby to obtain a new basic quantity more than fifteen percent (15%) in excess of his present established basic quantity: Provided, further however, the contracting producers and the contracting distributors may, by agreement, change the method of establishing new basic quantities, subject to the approval of the Secretary.

9. Transfer of Bases: A producer with an established basic quantity who, as a tenant, rents a farm, may retain his established basic quantity.

(a) In case of tenants changing from one farm to another, or farm owners selling their farms and purchasing farms elsewhere, it is definitely understood that the established basic quantity goes with the herd: Provided, That if by such procedure a change is made in the distributors who may distribute the milk from such herd, the retention of such established basic quantity must meet with the approval of the new distributors.

(b) As established basic quantity may be transferred with an entire herd where sale and transfer is made to one party at one transaction, provided such herd shall be maintained for six (6) months consecutively thereafter on the first farm on which such herd shall be established after such transaction, provided, however, that no person may by such purchase obtain the base of more than one herd.

(c) A producer who moves his herd may retain his established basic quantity only if thereafter milk is produced by him on a farm--

(1) Which has supplied milk in the Oklahoma City sales Area within one year preceding, or

(2) Which lies within a territory which has regularly been supplying milk as aforesaid.

(d) Where a herd is dispersed for any reason without a transfer of its established basic quantity, the producer must replace the herd within sixty (60) days if such established basic quantity is to be retained by the producer.

(e) Producers may combine all established basic quantities to which they may be entitled hereunder.

(f) Any producer who voluntarily ceases to market milk for fluid milk in the Oklahoma City Sales Area for a period of more than sixty (60) days shall lose his established basic quantity. In the event that he resumes production thereafter, he shall be treated for the purposes hereof as a new producer but cannot establish a new basic quantity in excess of the established basic quantity which he had before ceasing to market milk as aforesaid.

(a) Provided, however, that any producer who is prevented from delivering milk by reason of inability to comply with the Health Ordinances of Oklahoma City shall not lose his established base unless he shall fail to meet the requirements of said ordinances within six months from the time when he is prevented from delivering said milk.

(g) Producers whose average daily production for any three (3) consecutive months is less than seventy percent (70%) of their established basic quantity, will thereby establish a new basic quantity equal to such average daily production.

B. Bases for Producer-Distributors.

The base for each producer-distributor who delivered milk to the Oklahoma City Sales Area shall be determined and governed by the Base rating plan for individual producers set out in Section A of this Exhibit, except that the average daily sales during the base period shall be the determining factor in allocating bases for producer-distributors instead of deliveries to distributors and/or associations of producers which is the determining factor in allocating bases for individual producers.

For the purpose of enabling the Milk Board to establish said base, the books and records of the producer-distributor shall be available to the Milk Board.

No producer distributor shall sell milk for fluid milk purposes in the Oklahoma City Sales Area in excess of his established base.

Any sales made by producer-distributors of milk in excess of their established base shall be for surplus milk uses and shall be made at surplus milk prices, as provided in Section 4 of Paragraph II of Exhibit A.

EXHIBIT C

PRICE SCHEDULE FOR WHOLESALE AND RETAIL SALES

1. Sales of the following articles in the Sales Area shall be at prices hereinafter set forth. Sales of the following articles in bottles or containers shall be made only in bottles or containers of the size specified, and where a grade and/or percentage of butterfat is specified, only at the specified grade and/or percentage.

2. It shall not be deemed a violation of this Agreement to add to the selling price of any article or articles hereinafter listed in this Exhibit any

specified sales or occupational taxes imposed by the laws of any State, if permitted by such laws, but any such additions shall be uniform as to all contracting distributors and/or sellers of milk at retail.

3. The contracting distributor may sell to any public unemployment relief agency, any welfare charity or government agency at less than the following prices, upon competitive bids or otherwise.

4. The prices listed in the retail price schedule shall apply as follows:

(a) Home delivery (column A) means retail sales by distributors, stores or markets where milk is delivered to the home of the purchaser.

(b) Store, (column B) means retail sales from stores or markets where purchaser removes the milk from place where bought.

5. Wholesale, delivered, (column C) prices shall apply in connection with sales as follows:

(a) To stores, markets, and other places where milk is re-sold in its original container for consumption other than on the premises.

(b) To restaurants, drug stores, confectioneries, hotels, and clubs where said articles are used and/or consumed on the premises.

6. Where milk is sold by stores or at wholesale, in glass bottles, a deposit charge of five cents for Quarts, three cents for pints, half pints and splits per bottle shall be made, returnable upon return of the bottle.

3. WHOLESALE AND RETAIL PRICE SCHEDULE

	R E T A I L		W H O L E S A L E	
	Home	Store	Delivered	Peddler
	Delivery			Sales f.o.b. Plant
	(A)	(B)	(C)	(D)
Milk <u>3.5-4.1</u> % fat	¢	¢	¢	¢
Gallons (over <u>10</u> gals.			30	
(under <u>10</u> gals.			30	
Quarts	10	9	8	
Pints	6	6	5	
10 oz. bottles			4	
Half Pints			3	
Milk <u>4.2-4.8</u> % fat				
Gallons (over _____ gals.				
(under _____ gals.				
Quarts	11	10	9	
Pints	7	7	6	
10 oz. bottles			5	
Half Pints			4	
Special or Guaranteed Vitamin D:				
Milk <u>3.5-4.0</u> % fat				
Gallons (over _____ gals.				
(under _____ gals.				
Quarts	12	11	10	
Pints	7	6	5	
10 Oz. bottles				
Half Pints				
Milk <u>4.9-5.5</u> % fat				
Quarts	12	11	10	
Pints	8	8	7	
10 oz. bottles			6	
Half Pints			5	

WHOLESALE AND RETAIL PRICE SCHEDULE
(continued)

	R E T A I L		W H O L E S A L E	
	Home Delivery	Store	Delivered	Peddler Sales f.o.b. Plant
	(A)	(B)	(C)	(D)
Buttermilk (Churned)	¢	¢	¢	¢
Gallons (over 10 gals.)				
Gallons (under 10 gals.)	25		20	
Quarts	8	7	6	
1/3 quarts			3	
Pints	5		4	
Half Pints			2 1/2	
Buttermilk (Cultured under 1% fat)				
Gallons (over _____ gals.)				
Gallons (under _____ gals.)				
Quarts				
Pints				
Half Pints				
Buttermilk (Cultured Whole Milk)				
Gallons (over _____ gals.)				
Gallons (under _____ gals.)				
Quarts				
Pints				
Half Pints				
Skim milk				
Gallons (over 10 gals.)	25		20	
Gallons (under 10 gals.)				
Quarts	6			
Chocolate Milk 3.5-3.8% fat				
Quarts	10	10	9	
Pints	6	6	5	
10 oz. bottles				
Half Pints				

WHOLESALE AND RETAIL PRICE SCHEDULE (continued)

	R E T A I L		W H O L E S A L E	
	Home	Store	Delivered	Peddler
	Delivery			Sales f.o.b. Plant
	(A)	(B)	(C)	(D)
Cream (Table or coffee) <u>20</u> % fat	¢	¢	¢	¢
Gallons (over 10 gals.			\$1.40	
(under 10 gals.				
Quarts	40		.35	
Pints				
Half Pints	11	10	.09	
Gills				
Cream (Medium Fat) <u>33</u> % fat				
Gallons (over 10 gals.			2.20	
(under 10 gals.				
Quarts	70		.55	
Pints	35		.30	
Half Pints	18	17	.15	
Gills				
Cream (Heavy) _____ % fat				
Gallons (over _____ gals.				
(under _____ gals.				
Quarts				
Pints				
Half Pints				
Gills				
Cream (Sour) _____ % fat				
Gallons (over _____ gals.				
(under _____ gals.				
Quarts				
Pints				
Half Pints				
Gills				

WHOLESALE AND RETAIL PRICE SCHEDULE
(continued)

	R E T A I L		W H O L E S A L E	
	Home Delivery	Store	Delivery	Peddler Sales f. o. b. Plant
	(A)	(B)	(C)	(D)
Cottage Cheese (Creamed) Bulk (per pound)	¢	¢	¢	¢
1-lb. Packages	12		10	
1/2 lb. "	10	9	8	
12 oz. "	12	11	10	
10 oz. "				
Cottage Cheese (Creamed) Bulk (per pound)				
1-lb. packages				
12 oz. "				
10 oz. "				
Other Dairy Products				

RAW MILK

Prices to be charged for raw milk in any of the classifications above mentioned are not to be less than the price provided in similar classifications above. However, as raw milk constitutes only a smaller percentage of the milk sold and many of these producer-distributors are producing under special conditions, these prices shall be considered as minimum but the maximum prices for raw milk are not stipulated.

EXHIBIT "D"

RULES OF FAIR PRACTICE

The following practices are considered unfair and shall not be engaged in by the contracting distributors or by their officers, employees, or agents:

- (1) Any method or device whereby fluid milk is sold or offered for sale at a price less than that stated in the Agreement, whether by discount, rebate, free service, merchandise, credit for bulk fluid milk returned, loans or credit outside the usual course of business or other valuable consideration or combined price for such milk together with another commodity sold or offered for sale whether separately or otherwise, or whereby a subsidy is given for either business or information or assistance in procuring business.

EXHIBIT "E"

1. For the purpose of securing maximum advantages to the contracting parties and to consumers under the terms of this Agreement and similar agreements, the Secretary hereby designates the sales area to be in Region No. _____, District No. _____, as indicated in Exhibit "E", which is attached hereto and made a part hereof.

2. A District Milk Industry Committee shall be established for District No. _____, Region No. _____, to consist of one representative of the contracting producers of the production area and one representative of the contracting distributors of the sales area, and if and when designated, other production areas and sales areas in District No. _____, Region No. _____. Such representatives shall be designated by the Milk Boards. The chairman of the first Milk Board organized in District No. _____, Region No. _____ shall call by written notice the first meeting of the representatives composing the District Committee. The District Committee shall be organized at such first meeting by election from among their number, of a chairman, vice-chairman, and secretary, who shall perform the duties usually devolving upon such officers. The Secretary or his designated representative shall receive notice of all meetings, have the privilege of the floor, but shall not have a vote on any matters coming before the District Committee.

3. A regional Milk Industry Board shall be established for Region No. _____ to consist of one representative of the contracting producers, and one representative of the contracting distributors of District No. _____, and if and when designated other districts in Region No. _____. The representatives of each District shall be designated by the District Committee of each District. The Secretary shall call by written notice to the District Committees of Region No. _____ the first meeting of the representatives composing the Regional Board. The Regional Board shall be organized at such first meeting by election from among their number, of a chairman, vice-chairman, secretary, and treasurer, who shall perform the duties usually devolving upon such officers. The Secretary, or his designated representative, shall receive notice of all meetings, have the privilege of the floor, but shall not have a vote on any matters coming before the Regional Board.

4. A National Milk Industry Board shall be established for the United States, to consist of one representative of the contracting producers and one representative of the contracting distributors of Region No. _____, and all other regions as designated in Exhibit "E", attached hereto. The representatives of each Region shall be designated by the Regional Boards of each Region. The Secretary shall call, by written notice to the secretaries of the Regional Boards, the first meeting of the representatives composing the National Board. The National Board shall be organized at such first meeting by election from among their number of a chairman, vice-chairman, secretary, and treasurer, who shall perform the duties usually devolving upon such officers. The Secretary, or his designated representative, shall _____ receive notice of all meetings, have the privilege of the floor, but shall not have a vote on any matters coming before the National Board.

5. All voting members of the District Committees, Regional Boards and the National Board shall serve without compensation, but shall be entitled to reimbursement for the expenses incurred in the performance of their duties.

(a) Expenses of members of District Committees shall be paid by the Milk Boards which such members represent.

(b) Expenses of members of Regional Boards and necessary operating expenses of Regional Boards shall be paid by the Milk Boards of the Region in the manner as hereinafter described.

(c) Expenses of members of the National Board shall be paid by the Regional Boards which such members represent.

6. A budget for a stated period shall be established by the Regional Board to cover its estimated expenses. Such budget shall be submitted to the Milk Boards of Region No. _____ together with a statement of the amount in cents or fractions thereof per hundredweight of fluid milk sold within the region necessary to cover such budget. Each such Milk Board shall note the period of the budget, amount per hundredweight and make payment to the treasurer of the said Regional Board in accordance with the volume of fluid milk sales sold in its sales area _____ for the three months immediately preceding date of budget. Payment of the sums determined in accordance with the provisions hereof may be paid in total or divided into as many installments as there are months covered by the period of the budget. The payment of such total sum, or the installments of such sum, if paid in installments, shall be made upon the twentieth of the month following receipt of the budget, and thereafter if payments are made in installments upon the twentieth of each succeeding month. The payments herein mentioned may, for good cause shown, be deferred from time to time upon approval of the Secretary.

7. The Regional Boards shall maintain a system of accounting and records which shall accurately reflect their true accounts and financial conditions. The Regional Boards' books and records shall be available during the usual business hours for inspection by authorized representatives of the Milk Boards within the Region.

8. Subject to such regulations as the Secretary may prescribe, it shall be the duty of the District Committee;

(a) to act as an advisory and coordinating committee within the industry;

(b) to make recommendations to the Regional Board relative to matters affecting the industry;

(c) to receive and investigate complaints arising from differences between the various sales areas and production areas operating within the district under agreements similar hereto;

(d) to report its findings, with recommendations to the Secretary for proceedings under the Act or otherwise which he may deem advisable.

9. Subject to such regulations as the Secretary may prescribe, it shall be the duty of the Regional Board:

- (a) to act as an advisory and coordinating board within the industry;
- (b) to make recommendations to the National Board relating to matters affecting the industry;
- (c) to receive and investigate complaints arising from differences between the Districts;
- (d) to make recommendations to the Secretary on matters affecting the industry within its Region.

10. Subject to such regulations as the Secretary may prescribe, it shall be the duty of the National Board:

- (a) to act as an advisory board for the industry;
- (b) to make recommendations to the Secretary relating to matters affecting the industry;
- (c) to receive and investigate complaints arising from differences between the Regions;
- (d) to report its findings, with recommendation, to the Secretary for any proceedings under the Act or otherwise which he may deem advisable.